



IRA A. JACKSON  
COMMISSIONER

*The Commonwealth of Massachusetts*  
*Department of Revenue*  
*Leverett Saltonstall Building*  
*100 Cambridge Street, Boston 02204*

September 7, 1984

You are a non-resident of Massachusetts. In 1983, you contributed six percent of your wages (\$1,184.92) into the City of Retirement System and \$1,309.22 of your wages into the City of Deferred Compensation Plan. You inquire as to the Massachusetts income tax treatment of these contributions.

The Massachusetts taxable income of a non-resident is his Massachusetts gross income less the applicable deductions and exemptions provided in Massachusetts General Laws Chapter 62, Sections 2 and 3. (G.L. c. 62, § 5A).

Any amount of compensation deferred under an eligible state deferred compensation plan is not includible in federal gross income until the taxable year in which such compensation is made available to the participant. (I.R.C. § 457). Such deferred compensation is treated similarly for Massachusetts income tax purposes. If the City of Deferred Compensation Plan is an eligible state deferred compensation plan under Code Section 457, your contribution to the plan would not be included in federal gross income and, therefore, would not be included in Massachusetts gross income.

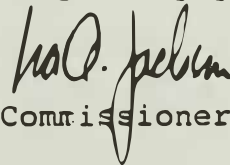
The total wages as reported by the City of reflects or should reflect the exclusion of the deferred compensation. No additional amount can be deducted on your tax return.

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Massachusetts law provides for a deduction from adjusted gross income of up to a maximum of \$2,000 of all sums deducted from wages as contributions to an annuity, pension, endowment or retirement fund of a political subdivision of Massachusetts. (G.L. c. 62, § 3(B)(a)(4)). Thus, you may deduct the entire \$1,184.92 contribution to the City of

Retirement System from your Massachusetts adjusted gross income.

Very truly yours,

A handwritten signature in dark ink, appearing to read "W. J. Kelley", is written over the printed name of the Commissioner of Revenue.

Commissioner of Revenue

IAJ:VGS:mf

LR 84-94